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Received - 2021-09-16 02:49:14 PM Control Number - 51840 ItemNumber - 93

PROJECT NO. 51840

RULEMAKING TO ESTABLISH ELECTRIC \$ PUBLIC UTILITY COMMISSION WEATHERIZATION STANDARDS \$ OF TEXAS

THE ADVANCED POWER ALLIANCE AND AMERICAN CLEAN POWER ASSOCIATION COMMENTS

The Advanced Power Alliance (APA) and the American Clean Power Association (ACP) submit the following comments regarding the Proposal for Publication of the new 16 Texas Administrative Code ("TAC") § 25.55 relating to weather emergency preparedness. The comments submitted do not reflect the opinions of any individual member company.

I. **EXECUTIVE SUMMARY**

- APA and ACP request that the Commission clarify that the weather emergency preparedness standard requires that generators take reasonable measures using commercially available technology specifically suited for the diverse Texas climate to be able to generate during certain weather emergencies.
- We recommend including language in the weatherization rule that sets forth requirements for generators to plan for extreme weather events and that penalties will not be assessed for non-compliance based solely upon the failure of a generation unit to produce electricity provided that such generator complied with the preparation requirements set forth in the rule.

- We ask the Commission to affirm that nothing in the proposed rule imposes a
 reliability standard that exceeds OEM design criteria, requires the deployment of
 technologies that are not commercially available in Texas, or degrades power
 generating capabilities.
- We request that the Commission clarify which weatherization requirements apply only to thermal generators in order to eliminate possible misinterpretation of the rule.
- We believe that the newly adopted North American Electric Reliability

 Corporation (NERC) Cold Weather Reliability Standards provide a regulatory

 framework for weatherization standards that will meet the objectives of SB 3.
- APA and ACP offer the following suggested edits to the proposed rule to clarify applicable provisions as follows:
 - § 25.55 (c)(1)(A) All p Preparations reasonably expected necessary to ensure the sustained operation of all cold weather critical components operate as designed during customary winter weather conditions, such as chemicals, auxiliary fuels, and other materials, and personnel required to operate the resource;
 - § 25.55 (c)(1)(B) Installation of adequate wind breaks for applicable non-wind and non-solar resources susceptible to outages or derates caused by wind; enclosures of sensors for cold weather critical components when an uncovered sensor is not required for operations; inspection of thermal insulation for damage or degradation and repair of any material damage or degradation to insulation; confirmation of the operability of instrument air moisture prevention systems; maintenance of freeze protection components for all applicable equipment, including fuel delivery systems the failure of which could reasonably be expected to cause an outage or derate, and establishment of a schedule for testing of such freeze protection components on a monthly basis for non-distributed resources; and the installation of monitoring systems for cold weather critical

components, including circuitry providing freeze protection or preventing instrument air moisture;

- § 25.55 (c)(1)(C) All actions Preparations necessary to prevent a reoccurrence of any cold weather critical component failure where the component did not operate in accordance with OEM design criteria and operational safety procedures that occurred in the period between November 30, 2020, and March 1, 2021, alternatively, in circumstances where the generation owner is dependent upon the OEM for such preparations, a submitted schedule from the generator for preparedness will suffice.
- § 25.55 (c)(1)(E) Determination of minimum design temperature, minimum operating temperature, and other operating limitations as applicable to the generation resource and OEM design criteria based on temperature, precipitation, humidity, wind speed, and wind direction.

II. <u>INTRODUCTION</u>

The Advanced Power Alliance (APA) and the American Clean Power Association (ACP) serve as the voice of more than 800 member companies that represent a diverse cross-section of the world's leading energy companies, energy investors, energy consumers, and power generation manufacturers from across the clean power sector that are driving high-tech innovation through the development of generation assets including wind, solar, and energy storage, spurring massive investment in the U.S. economy while creating jobs for American workers. Projects developed by our member companies and investors generate local tax revenue for schools, services, and infrastructure, as well multi-generational income for Texas landowners, mainly in rural Texas. Our members' projects help to create cleaner air, water, and improved human health.

III. COMMENTS ON THE PROPOSAL FOR PUBLICATION OF THE NEW 16 TEXAS ADMINISTRATIVE CODE (TAC) § 25.55 RELATING TO WEATHER EMERGENCY PREPAREDNESS

The members of APA and ACP appreciate the opportunity to provide comments on this very important proposed rule. Our member companies support meaningful weatherization standards for generation owners in alignment with the 87th Texas Legislature's mandate in Senate Bill ("SB") 3. We take our compliance obligations seriously and appreciate the two-phased approach that the Commission has proposed. We share the desire of policymakers and regulators to secure improved performance from the power generation fleet during extreme weather events in Texas, which will undoubtedly increase over time.

In general, we support the intent of the proposed rule. However, we do have concerns that we would like addressed as the Commission moves forward. We support an objective and reasonable weatherization standard but as written, the rule creates a standard that is unachievable because the rule does not clearly articulate objective actions to be taken and instead seems to require a standard of performance that is measured after the fact. This standard of performance is very different from the weather emergency preparedness reliability standard as required in SB 3. Instead of a weather emergency preparedness reliability standard as stipulated in SB 3, the Commission's proposed rule appears to create a one-size-fits-all performance standard that is unachievable, does not fully recognize unique operational characteristics of each type of generation resource in the ERCOT fleet, and fails to fully appreciate how geographic diversity impacts performance during extreme weather events. The

language of SB 3 states that the Commission shall adopt a rule that requires generators "to implement measures to prepare...generation assets to provide adequate electric generation service during a weather emergency according to reliability standards adopted by the commission." APA and ACP request that the Commission clarify that the weather emergency preparedness standard requires that generators take reasonable measures using commercially available technology specifically suited for the diverse Texas climate to be able to generate during certain weather emergencies.

IV. SUGGESTED CLARIFICATIONS

APA and ACP believe that the weather emergency preparedness standard should more clearly require generation resources to take reasonable measures to ensure operational availability to generate according to original equipment manufacturer ("OEM") specifications and ERCOT dispatch instructions. We recommend including language in the weatherization rule that sets forth requirements for generators to plan for extreme weather events and that penalties will not be assessed for non-compliance based solely upon the failure of a generation unit to produce electricity provided that such generator complied with the preparation requirements set forth in the rule.

Generation assets are designed and built to standards that allow them to operate reliably and safely under a specific, but often wide, range of conditions. Retrofitting generation facilities to meet standards that go beyond OEM design parameters can invalidate the manufacturer's warranty, increase the risk of catastrophic equipment failure, degrade power generating capabilities, and result in extended unit downtime. These are outcomes that should be avoided

by policymakers and regulators. These adverse consequences run counter to the reliability objectives of SB 3, and for this reason, we ask the Commission to affirm that nothing in the proposed rule imposes a reliability standard that exceeds OEM design criteria, requires the deployment of technologies that are not commercially available in Texas, or degrades power generating capabilities. Additionally, the rules as drafted do not address the reasonableness of standards and therefore negate the need to balance operational safety with generation reliability.

Weatherization standards adopted through this proceeding should respect existing and future OEM design criteria, existing and necessary operational safety procedures, and should not require generation owners to operate outside the OEM design limits and thus risk catastrophic equipment failure or degraded performance. The 2012 Quanta Report, which is reportedly the guiding document for the proposed rule, states that "an additional key element is to ensure generator owners convey to their associated generator operators and transmission operators these design limitations, especially if the units will shut down beyond certain extremes." The Commission should require all generation resources to document their operating range and file the plant-specific operating range with the Commission and ERCOT. It is critical for the Commission and ERCOT to have a deep understanding of how every generation resource is expected to perform during extreme weather events, be able to measure performance versus expectation, and accurately plan generation resource and grid operation performance accordingly, including operating horizon plans and reserve margins.

The reference to the Quanta report recommendations in the introductory section of the proposed rule is confusing in that it raises questions regarding whether all the recommendations from the report are incorporated by reference into the proposed rule. APA and ACP request that the Commission clarify that the operative text of the proposed rule (beginning on page 7 of the proposed rule) is controlling (i.e., if a Quanta recommendation is not specifically included in the operative text of the proposed rule, it is not required by the Commission.)

APA and ACP also request that the Commission clarify which weatherization requirements apply only to thermal generators in order to eliminate possible misinterpretation of the rule. For example, requirements relating to (1) enclosure of sensors for cold weather critical components; (2) confirmation of the operability of instrument air moisture prevention systems and (3) installation of monitoring systems for cold weather critical components, including circuitry providing freeze protection or preventing instrument air moisture appear to apply only to thermal generators but without specific clarification there is uncertainty as to the actual scope of these requirements.

APA and ACP suggest the Commission define terms such as "weather emergency" and "cold weather" to include certain inclement weather or climate conditions that pose a threat to the normal operation of the electric transmission and distribution grid, grid components, and/or generators of any technology, inclusive of both 'cold weather conditions' and 'extreme weather conditions' as defined by NERC.

APA and ACP offer the following suggested edits to the proposed rule to clarify applicable provisions as follows:

§ 25.55 (c)(1)(A) All pPreparations <u>reasonably expected</u> necessary to ensure the sustained operation of all cold weather critical components <u>operate as designed</u> during <u>customary</u> winter weather conditions, such as chemicals, auxiliary fuels, and other materials, and personnel required to operate the resource;

§ 25.55 (c)(1)(B) Installation of adequate wind breaks for <u>applicable</u> <u>non-wind and non-solar</u> resources susceptible to outages or derates caused by wind; enclosures of sensors for cold weather critical components <u>when an uncovered sensor is not required for operations</u>; inspection of thermal insulation for damage or degradation and repair of any <u>material damage or degradation to</u> insulation; confirmation of the operability of instrument air moisture prevention systems; maintenance of freeze protection components for all <u>applicable</u> equipment, including fuel delivery systems the failure of which could <u>reasonably be expected to cause</u> an outage or derate, and establishment of a schedule for testing of such freeze protection components on a monthly basis <u>for non-distributed resources</u>; and the installation of monitoring systems for cold weather critical components, including circuitry providing freeze protection or preventing instrument air moisture;

§ 25.55 (c)(1)(C) All actions Preparations necessary to prevent a reoccurrence of any cold weather critical component failure where the component did not operate in accordance with OEM design criteria and operational safety procedures that occurred in the period between November 30, 2020, and March 1, 2021, alternatively, in circumstances where the generation owner is dependent upon the OEM for such preparations, a submitted schedule for preparedness from the generator will suffice.

§ 25.55 (c)(1)(E) Determination of minimum design temperature, minimum operating temperature, and other operating limitations as applicable to the generation resource and OEM design criteria based on temperature, precipitation, humidity, wind speed, and wind direction.

V. CONCLUSION

The Advanced Power Alliance and American Clean Power Association appreciate the opportunity to provide comments in this project. Our member companies have invested more

than \$70 billion on generation resources in the ERCOT Market and we strongly support the Commission's weather emergency preparedness objectives and the development of standards.

As stated in our previous comments in this rulemaking, we believe that the newly adopted North American Electric Reliability Corporation (NERC) Cold Weather Reliability Standards provide a regulatory framework for weatherization standards that will meet the objectives of SB 3. NERC has nationwide authority over developing and enforcing reliability standards. NERC reliability standards require Generator Owners and Generation Operators to protect their generation units against freezing by requiring a baseline level of cold weather planning and preparation. The new standards are aimed at enhancing the reliability of the bulk electric system during cold weather events by ensuring Generator Owners, Generator Operators, Transmission Operators, Reliability Coordinators, and Balancing Authorities prepare for extreme cold weather conditions.

The rule is expected to be approved on November 3, 2021 and sets a deadline of December 1, 2021 for filing generator reports. The deadline proposed in the rule provides less than thirty days from the date of adoption for compliance. We respectfully ask that the Commission consider a deadline of January 1, 2022 so that our member companies have a more reasonable time frame in which to comply.

Weatherization standards adopted by the Commission should balance the objectives of SB 3 with the goal of retaining existing generation, incenting new investment, and recognizing that generation owners are required to operate their assets in accordance with OEM design criteria and site safety procedures. It is imperative that reliability standards are technologically feasible with commercially available solutions and balance the safety of those working at generation sites. The Commission should ensure that generating equipment offer a reasonable—

but not absolute—tolerance for extreme events. We appreciate the opportunity to participate in this project and look forward to continuing to work with the Commission as this rulemaking progresses.

Respectfully submitted,

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